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Member Relations Conference

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**Pacific
Coast Region**

Fresno, Calif.

March 7, 8, 9

Edited by
Irwin W. Rust

Sponsored by,
Farmer Cooperative Service
U.S. Department of Agriculture
and
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FARMER COOPERATIVE SERVICE
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WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, financing, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of such studies; confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

CONTENTS

SESSION I

TRAINING EMPLOYEES AND DIRECTORS	Page
<u>Some Basic Principles in Employee Management</u> Ken Kitch	1
<u>Training Employees to Stimulate Member Participation</u> Wayne Parris	9
<u>Developing Director Leadership</u> C. M. Carlson	12
<u>Developing Director Leadership</u> R. G. Lytle	13

SESSION II

WORKING WITH MEMBERS TO ENCOURAGE PARTICIPATION

<u>Getting Members' Approval on Mergers</u> Henry B. Hildebrand	16
<u>How We Met Membership Problems in Consolidating Plants</u> Frank Melchior	21
<u>How We Work to Improve Relations Between Cooperatives</u> A. L. Thomason	25
<u>How We Stimulate Member Participation in Annual Meeting Planning</u> Frank S. Pierce	26
<u>How We Get Members to Attend Our Meetings</u> Vern Highley	27
<u>How We Persuade Members to Speak Up in Meetings</u> Robert E. Schubbe	28
<u>Cooling Off the Hot Potatoes</u> Ralph B. Bunje	33

FOREWORD

This Conference is the third on the Pacific Coast of a series being conducted on a regional basis throughout the United States. Sponsored jointly by Farmer Cooperative Service and the American Institute of Cooperation, the purpose of these conferences is to bring together for an exchange of ideas and techniques men and women who are professionally engaged in the general field of cooperative member relations.

In some cases these participants are employed full-time in cooperative member relations activities. In other cases they are men and women who, while employed in some other capacity, have developed an effective member relations program as a part of their over-all work assignment.

One of the most important features of these conferences is the give-and-take ideas during the discussion periods. Unfortunately, it is not possible to include these discussions in this report. However, the following speeches will serve to give readers an idea of the type of material covered at this conference and at others in the series.

SESSION I

1962

Thursday morning, March 8, 1963
Chairman: Earl J. Cecil

TRAINING EMPLOYEES AND DIRECTORS

Some Basic Principles in Employee Management

Ken Kitch

1. People, no matter how they're involved, almost always represent management's greatest continuing "headache"---but they also represent management's greatest continuing challenge.
 - 1.1. The "fine art of management" can reach no greater exemplification than through arranging a systematically flexible organization which
 - 1.11. Can identify the person most likely to contribute to the organization's success.
 - 1.12. Can arrive at an unquestionably understandable description of what you wish that person to do and why you wish him to do it.
 - 1.13. Can measure that person's success in fulfilling your assignment of his capabilities.
 - 1.14. Can determine within a practicable length of time (a) whether the person's contribution merits continuance, (b) if so, whether the contribution can and should be extended or reduced, and (c) what should be done on the part of management to assure the consistent operating of that person at his most expectable level of effectiveness.
 - 1.2. There is nothing that can so quickly reveal inept or antedated management as inability to use employees effectively.
 - 1.21. The production-costs rise.
 - 1.211. Automation and similar developments make the attributable cost of key employee performance all the more critical.

- 1.212. A study by the U.S. Department of Commerce for 1961 shows that the difference between rise of productivity and wages was the primary cause of a 1 percent reduction in overall net.
- 1.213. Intensifying competition has made the employee more than ever a potent public relations weapon.
 - 1.2131. Management is a reflection of the company, but the employee is the reflection of management.
 - 1.2132. Steadily rising promotion costs make every across-the-counter or across-the-desk contact as well as every threshold and telephone contact an increasingly significant item in the profit and loss column.

The most potent part of an organization's public relations program, regardless of expenditure otherwise, is the attitude and the ability of the employee reflected in his continuing performance.

What is morale? A feeling of being effective in the eyes of one's superiors, but also in the eyes of his equals and subordinates.

- 1.22. Effective training attracts and holds the better-type employee -- witness:
 - 1.221. Arthur Young & Company program.
 - 1.222. Occidental Life's program.
 - 1.223. U.S. Forest Service program.
- 2. Effective modern management has learned some "modern" principles in managing employees.
 - 2.1. "Pluralistic Ignorance" is a frequent serious threat where a plethora of "studies" and "regulations" and "requirements" finds everyone doing the same thing regardless of how well it fits the individual firm's or organization's situation.

Modern management requires not only constant "study" but also a constant questioning and critical applicatory eye.

- 2.2. Management has no "divine monopoly" on what is good or what is not good for the organization:

Nat Noble of the AMA's Executive Action Program, describes the "problem boss" as one who

Is domineering.

Fails to listen to what subordinates and others in their companies tell them.

Makes decisions without weighing all available facts as applied to his own operations.

Refuses to believe that subordinates might have more skill than they in doing a particular job.

Fails to take people's feelings into account when they act.

- 2.3. Management needs development just as much as the subordinate.

- 2.31. A sound and thorough background is what permits flexibility.

2.311. In some instances, a strong authoritarian style is quite proper.

2.312. In other instances, getting the maximum effort from one's staff calls for a less forceful, more open-minded approach.

- 2.32. The human, no matter the routine quality of his job, is growing farther and farther from the status of a machine.

2.321. Effective management must learn everything it can about motivation. Some examples:

2.3211. Motivation is the key to management's own successes, personally and organizationally.

2.3212. Motivations come from inside-out, NOT from outside-in.

Management needs to know and be able to use the instruments that create or avoid

Depression
Anger
Excitement
Encouragement
Inspiration

under the conditions established by and within his own organization.

2.3213. Management's policies should come to accept effective motivation as based on at least two essential conditions:

- (1) A person's underlying confidence in his competencies reflecting his "public self," his "private self," and his subconscious or "unconscious self."
- (2) The two distinct avenues to successful motivation of the employee: TO the employee and FROM the employee.

2.322. Effective management must be versatile within the boundaries of basic policy insofar as methods are concerned.

McGraw-Hill recently reported that a study by a large group of "successful executives" (the criteria accepted for this occasion but not known by the speaker) had found that "The All-Around abilities vital to executive success are six: (1) The ability to manage oneself; (2) the ability to direct others; (3) the ability to write effectively; (4) the ability to speak well; (5) the ability to get things done; and (6) the ability to make sound decisions."

Every one of these is highly important in (relationships with) effective management of employees.

Probably more important than anything else, management underestimates the value of the first of these six. "The ability to manage oneself" -- to set an example -- to establish a pattern of "living ideals."

Even in this hard and blase world, Carl Schurz would find his statement holding true: "Ideals are like stars; you will not succeed in touching them with your hands. But like the seafaring man on the desert of waters, you choose them as your guides, and following them you will reach your destiny."

The "ideals" set by management and its example in following those "ideals" gives a basis for rallying and keeping the people who will work to help achieve those ideals.

The effective versatility with which management can state and exemplify those "ideals" is probably the most powerful tool for sound management in its employee relationships.

- 2.4. Modern management needs a thorough and willing understanding that nothing is permanent --- that "times" and "knowledges" change.
 - 2.41. Relationships with other management figures change.
 - 2.42. Training never stops with either management or the employee.
 - 2.43. It is just as important for a management figure to himself train and retrain as it is for anyone else --- and, for many reasons, it is probably more important -- witness:
 - 2.431. "Over-night" splintering and/or disappearance of entire industries.
 - 2.432. Advances in general funds of knowledge.
 - 2.433. Tremendous increase in specialized knowledges -- not only about producing, fabricating, selling, and distributing, but about people.

There is great peril, however, to the management figure who docilely accepts the training prescriptions of other people and has not fortified himself enough to be able to select at least in important part what he, himself, is sure that he needs to know.

- 3. With, or in spite of, all modern management developments, there still are three verities upon which effective management can be based in its dealings with employees:

The traditional "Management Triangle":

- Organize.
- Deputize.
- Supervise.

- 3.1. To organize effectively

- 3.11. Develop and select and write down in specifics:

- 3.111. Your objectives as an organization
 - 3.1111. For next year.
 - 3.1112. For the next 5 years.
 - 3.1113. For a longer range.
- 3.112. The objectives you are certain can be accomplished.
- 3.113. The objectives you are not certain you can accomplish but for which you would like to try.
- 3.12. Do the same for your organizational ideals:
 - 3.121. Ideals management can and will live with.
 - 3.1211. It creates "Leadership in Depth."
 - 3.1212. Again, we undervalue the effect of ideals on employee-performance (no matter the level) so long as management approves and proves the ideals as genuine and working.
 - 3.1213. There are few stronger motivations for employees than a leader they can consciously or subconsciously admire and emulate.
- 3.13. Combine your objectives and your ideals into your policies and make them available to every employee in an understandable form.
- 3.14. Regard the developing and producing of sound budgets as realistically understandable statements of your operational policies.
 - 3.141. Good budgeting history produces confidence in management even in times of uncertainty and stress.
 - 3.142. Good budgeting coordinates the planning of your various parts and their enthusiasms and envisionings.
 - 3.143. It provides a valuable communications device toward both individual and group effort.
 - 3.144. It provides all elements with a basis of comparison between planning activity and actual performance.

3.145. It gives an implement for cooperative endeavor.

3.2. To deputize effectively

3.21. Develop a specific and truthful organization chart.

3.212. It should be as detailed as practicable, to include, if possible, the name of every employee.

3.213. It should be kept up to date (removable cards are one method making this possible).

3.214. It should be available to every employee and at least one copy should be on public display.

3.22. Every job needs an up-to-date and complete description -- even the owner's.

3.221. The job description can often be best and most accurately developed through experienced-employee participation.

3.222. Some union agreements require participation by the employee or his union.

3.223. Job descriptions should be realistic, understandable, always subject to review.

3.23. Make certain that policies support your deputies.

3.231. Prohibit short-circuiting.

3.232. Demonstrate faith in your deputies or replace them.

3.233. Give your deputies specific things to do.

3.234. Avoid assigning responsibility without the necessary authority.

3.24. Develop and make easily available to every employee an "Employee's Handbook."

3.3. To supervise effectively

3.31. Develop methods by which supervisors can make objective and accurate evaluations:

3.311. With stated regularity.

3.312. In permanent, comparable form.

3.313. With specific expectable results from such evaluations.

3.32. Set up methods for other communications avenues up and down the chain of command.

3.33. Provide definite and explicit ladders for an employee's progress.

3.331. How can he earn a raise?

3.332. How can he qualify for those means of earning a raise?

3.333. How can he improve himself as a continuing contributor to the organization?

4. Within the time allotted, I can make only a limited number of suggestions. After all, my principle function here is to light the burners of our conference oven. The men who follow me will do the actual cooking.

There is one more thing I'd like to stress to this group, however, and it is this:

Every item provided for the employee should also be provided for supervisors and for management. I stress the latter, for, in these days and times, management, particularly middle management, is too frequently "the forgotten man."

Just as the traditional and still-basic "triangle of effective management" is comprised of: "Organize, deputize, supervise," its implementation is comprised of "management, supervision, the employee." Within middle management generally resides not only the key to your supervision but your seed for top management of the future.

5. In all of these things I've mentioned, the cooperative not only finds application but also finds added a fourth dimension: The volunteer.

I have not dealt strictly with the volunteer because the longer I work with organizations, the more I am convinced that if you treat the volunteer as carefully and as effectively as you treat your employee, and if you treat your employee as carefully and as thoughtfully as you treat the volunteer, you can obtain good results from either.

Training Employees to Stimulate Member Participation

Wayne Parris

The previous talk by Ken Kitch covered training employees - but what is the end product? To create and stimulate member participation. How many co-ops have either failed or ceased to grow solely because of lack of member participation? Over the years there have been many. And look around you today - there is a lot to be done along this line. I believe it is one of our most important challenges in maintaining and increasing our position in this ever-changing Nation.

One of our most effective means is right in our own front yard -- and I mean right out front -- the employee who in most of our cooperatives has the everyday contact with the member or the prospective member. And this latter one is becoming more and more important. Today we are dealing with fewer farmers -- 17 percent engaged in farming 10 years ago as compared with 9 percent today -- consequently new business is all-important to us. Competition has become more intense, while we have fewer farmers to look to for business. Yet in agribusiness today there are just as many as 10 years ago, whom we must reach and tell our cooperative story to. Employees must know the facts and tell the facts concerning the co-op to members and at the same time encourage the members to speak their own views.

To equip our employees to do this tremendous job is not impossible. They must, however, be informed, and you must do the informing from the beginning. As John Dewey said, "We can no more say we have taught until some one has learned, than we can say we have sold until some one has bought." Maybe this can be altered in part to mean a stronger member or a new member depends - on the efforts of an employee.

No personnel training program can be effective without sincere actions, as well as words, on the part of top management. Much of the learning in a cooperative is by precept and example. These examples must not be imperfect - you yourself must have sufficient enthusiasm so the learner will be encouraged to go beyond the knowledge and ability of his teacher. The employee must be completely informed and possess a full knowledge of the particular cooperative involved. I believe that this is one of the most important factors.

Of course it's much easier to train an employee who understands or at least has some inkling of what a cooperative is and how it operates, its advantages, its place, and the goals of the particular co-op involved as well as it's objectives.

Many colleges and universities today include quite thorough courses on co-ops. We in the Farm Credit field, when interviewing prospective employees, lean heavily toward the man who has had some of these courses. It is not only advantageous for us that he possess this knowledge, but it is also an indication of his interest in cooperatives.

You know a college education seldom hurts a man if he's willing to learn a little something after he graduates. Of course many co-op employees are not college people. We think it quite necessary that they have a farm background or at least an understanding of the agriculture in the area - for it is these rank and file employees who, outside of top management, have the greatest influence on the farmer's attitude. Therefore, one of the most important keys to a member relations program remains your employees. Experience shows that proper orientation to the total organization is a prerequisite to an employee's understanding of his job.

The members' attitude towards the business must be cultivated. When that member, through business negotiations, small-talk, or what have you with that employee has decided that he wants to do business there, then the criterion has been partially met. Customer relations and sales promotion -- each will complement the other from here on out and you are on the road to better member participation. Special service must be given each and every member, which may get hard at times.

There are many other ways to stimulate and keep this member interest. Your employees should be ever-conscious of their personal appearance, their attitudes. The office, plant, and facilities contribute heavily here. I would like to pass on to you one of our personal experiences. Two years ago we built a new office. The old one has rather an ancient heating system, the office was hard to keep clean, and this naturally discouraged everyone from "sprucing up" a bit. Lighting was poor, a prospective member might come in and discuss the possibilities of a loan and if there was a neighbor in the office he could make his decision, too - as everyone could hear.

After our move there was quite a change, an over-all "sprucing up," a lot more cheerfulness, and I know that the immediate conclusion or judgment of our concern by a prospective member was many times improved. Our employees displayed pride, enjoyed their working conditions, and I know this was passed on to the customer. The members were proud to belong and know they had an interest in this business.

You've all heard, and I know you've been doing something about the "Image of today's farmer on the general public." It seems to me that while your employees have, in many instances, day-to-day contacts with other concerns in your area, we may be remiss if we do not see to it that they do what they can to apprise the uninformed of some of the facts.

Are your employees aware of the bills before Congress affecting the farmers in your area? Do they know of the controls on various crops? When they are kept current and can converse intelligently with members on items most interesting to them - then confidence is being built up by your member in that employee and consequently in the co-op. I have given a pamphlet to our employees entitled "The Weapon Khrushchev Can't Match - American Agriculture" by J. K. Stern, President of the American Institute of Cooperation. There's a lot of meat for thought in this pamphlet.

We are all in competition. If there were none then there would obviously be no reason for a cooperative. It is very essential that the employee know the competition. How can he or she describe the benefits (economical and related) to the member without this knowledge? How many times have you walked into an office or had a member relate to you how he asked an employee: "Just what benefit is there for me to switch from John Doe's company to you" -- and then received an answer which more or less says "Well, if you don't know, I don't" or "I'll see if Mr. 'so and so' can see you. If many of you had to take time to meet everyone who came in as a prospect, you can bet your bottom dollar that you would have to burn a lot of midnight oil to get your job done.

Your employees, besides being the prime contact of the members, are often times the recipients of very important information for the management. The gripes or suggestions are often told to your employees rather than to anyone else. When a warm atmosphere has been created between the two, the member will open up, oftentimes unloading his inner feelings regarding the co-op whereas he would hesitate doing so to the management. Your employees should be aware of this and along this line, again, you must have their respect. For there are many opportunities for a dissatisfied employee to shed what his opinion is of the management. What does the member retain? A little question about the management of that co-op.

In our cooperatives we have a relationship not found in the usual concept of a business institution. That relationship is the customer ownership of the business, in other words a dual relationship. The importance of good employees under this condition is readily understandable. In effect the employee is working for every member he comes in contact with. If he remembers this, a closer tie will develop. By assisting, counseling or in any way helping the member to obtain a greater net return from his operations, the employee is helping himself as well as the cooperative. A member wants the same equal and fair treatment given other association members. Too many times the small member is neglected or does not receive the same courteous attention afforded the larger shareholder. In co-ops, we must have numbers and the employees must be made aware of the importance of equal and fair treatment of all, for the competition down the street can find some profit by having that member, too. The job of public relations, which is becoming ever more important as time goes on, is in many associations moving to the shoulders of the employees.

As the organization grows larger, your membership relation problems begin to multiply. When the personal contact aspect weakens, it is difficult for the member to have the interest and loyalty that he should and he begins to feel insignificant and unimportant to his organization.

The employee, if he possesses enthusiasm and is sold on the cooperative system, will come into the picture here. Enthusiasm shows -- a well-trained employee will possess this. We need employees with this quality today -- the kind of enthusiasm that will induce members to think of the service their co-op is performing instead of how much the dividend is going to be, the kind that will cause a dairyman to eat butter instead of oleo. The member must realize that his cooperative is on his side. He must have a feeling of belonging to something that is working for him and his neighbor. He must feel that he is not insignificant but important to his organization.

Let's use all the tools we have to improve member relations. I think the most important are our employees. If we are to grow and meet the competition of those out only after the "almighty dollar," then let's not wait for that "danger signal" but put our employees to work on this --- today.

Developing Director Leadership

C. M. Carlson

Training directors for leadership is a rather difficult topic. Normally, if a man is elected by the members to the board, he is elected because he is well known and is a leader in the community. If a man is picked by the board to finish an unexpired term, the board endeavors to pick one who is a leader in his community. Apparently, our board has done a good job of picking new men, for all of those who have been so chosen have continuously been re-elected.

When we get a new director, we spend about half of the first meeting bringing him up to date on the qualifications of a director. We also explain the operation of the business and explain to him that his job is to help formulate the policies under which the organization operates and that it is not his job to manage. We give him a copy of our articles and bylaws and suggest he read them thoroughly. We also put him on the mailing list of different cooperative periodicals and suggest that he read them.

We explain to him that he must be diplomatic with his neighbors in regard to the internal affairs of the organization; any information he puts out regarding the internal affairs of the organization must be absolutely correct and must be explained very thoroughly. Lots of times, the man on the outside, unless he gets the story entirely straight and understands completely what is going on, becomes confused and in repeating to someone else, starts detrimental stories travelling. In other words, we endeavor to get it across

to the director that unless he is absolutely sure what he is talking about, he better not make any direct statements.

We also take our directors to different cooperative meetings and clinics along cooperative lines and encourage them to take active leadership in farm organizations in our different communities.

Developing Director Leadership

R. G. Lytle

Before we can develop our thinking on training directors in leadership, I feel there are several points which must be examined.

Recently a prominent co-op leader stated in a talk that one of the weakest links in our co-ops is that they are governed by a farmer board of directors. He hastened to point out, however, that an enlightened, trained farmer leader could be the greatest co-op strength.

Unlocking the minds of men is often difficult. Men who have been oriented as producers frequently will lock their minds to the new ideas and different thinking required for marketing. The fact that many co-ops have been outstandingly successful is ample evidence that farmers can and do make good leaders if given the proper incentive, and the opportunity and guidance to work toward leadership.

The rate of change between the way agriculture operates today and the way it operated a generation ago demands that a new kind of technical man be developed. One hundred years ago changes came about so slowly that each generation could leave to the next the big innovations. For example, my father could never accept the tractor, while his grandchildren use no horses.

Today we must operate in a field of extremely rapid change. Continuous adjustments of our programs require the ability not only to change our thinking and ideas willingly, but to be able to look ahead to predict some of these changes and so manage to turn them to our own advantage.

Thus, we see that developing leadership can be difficult because we often have elected a director by chance. He may or may not be co-op marketing minded. The rapid rate of change is one factor which forces us to develop leaders.

Many directors come on a board with a keen desire for guidance in performing their job. Many people say it takes 6 months to a year for a new person to become orientated, or as we would say "broken in."

Most boards are democratically elected on a 'one member - one vote' basis. Unless this new board member is imbued with the spirit of cooperation and dedicated to its preservation and expansion, he will be an ineffective director regardless of his business knowledge.

In a director training school in our area last year, the following five points were set out as the major functions of the board of directors:

1. Establishes and maintains legal entity.
The corporate structure, such as bylaws, charter, contracts, are the responsibility of a board.
2. Acts as trustee of members' interest with respect to:
Soundness of the investments -- security of assets -- continuity of the enterprise -- quality of service -- prestige and goodwill -- character and personality of the organization
3. Plans with respect to:
Viewpoints -- objectives -- goals -- policies -- major facilities -- resources
4. Provides operating requirements:
Manager and adequate authority to him -- community and member support
5. Measures and controls:
Checks to see if any unauthorized actions are taken -- receives and reviews reports -- establishes standards -- arranges for audits and consulting service as needed -- provides for reports to membership.
Here we have set out what we are to teach directors, how we hope to help develop greater leadership.

Having set up the need and the reason training is important, having examined some of the problems and considered difficulties, and having set out the objectives which we wish to teach the directors we should now look at ways and means of helping develop this leadership.

Certainly one of the important ways of teaching anything is "learning by doing":

1. Newly elected directors can be placed on committees with more experienced men to begin their work.
2. We can plan to attend one or more meetings, such as this one.
3. We can plan training institutes.
4. We can prepare a package of basic material, such as bylaws, contracts, minutes of the past year, any viewpoint objectives or goals that have been written out in the past by the association.
5. Many associations are located in college towns. Most colleges are glad to cooperate in adult education programs, in either day or night classes.
6. Newsletters, bulletins and other cooperative material should be supplied to all directors.

There are many other ideas that could very well be used. If the director can see the need and is inspired, and if more experienced directors will recognize the need to help in this leadership development program, then almost anything we do can be helpful.

I started out by saying the director system used by most cooperatives has sometimes been called its weakest link. At this point could we honestly say that a director who has been lead through a year of the above outlined course could be called a weak link? I think not.

I feel very keenly that any co-op that wants the right to serve its members owes it to the agricultural economy to do the best possible job of developing leaders. Our economy today demands not only trained leadership, but men of the moral and social thinking of our farm people. Congress has granted certain rights to our cooperatives, but one of the most important obligations that must go with these privileges is that of training those who will formulate the program for our cooperatives.

Our cooperatives can and must meet the changing, moving agricultural program of today. Only leaders who can so adjust and change fast enough can keep our co-ops strong. Remember one of the responsibilities of a director outlined above is the continuance of the enterprise. The generations to come after you and me will find cooperatives guided by leaders -- or no cooperatives at all.

America is dotted today with the remains of dead co-ops. Yours and mine will be next unless we train our directors -- and do it today.

SESSION II

Thursday afternoon, March 8, 1962

Chairman: Robert C. McInturf

WORKING WITH MEMBERS TO ENCOURAGE PARTICIPATION

Getting Members' Approval on Mergers

Henry B. Hildebrand

Ladies and gentlemen. As members, directors, managers, and friends of cooperatives, I am sure you are all vitally interested in seeing the long-range plans of your cooperative fulfilled.

I wonder if all of you here have considered the potential benefits which might accrue to your cooperative and to you as individual members from possible merger or mergers with cooperatives of like or complementary nature. The possibility of keeping up with inflationary trends--keeping and gaining dollar margins over market price--strengthening the whole cooperative image in your particular area--all of these might be accomplished by the use of merger.

I believe these, among other good sound reasons, caused the planners of this meeting to invite me to speak to you today on the topic, Getting Members' Approval on Mergers.

There are many techniques which can be applied to gain your objective, and they are probably as varied as the techniques used on such matters as getting members to attend annual meetings.

It is always important to get the approval of the members for a merger, but when one of the cooperatives is in such a condition that its very existence depends on the merger, then getting that approval becomes vital. And many times the problems in a merger attempt are not so much with the membership as they are with the board of directors and with management.

You are aware that no two merger attempts are alike--each one will be handled a little differently; but there are several points that are generally the same.

1. Establish the need for a merger.
2. Strong leadership to accomplish the merger.
3. Proper communication between leadership and members.

If these three elements are present and applied properly, then membership approval should not be too hard to get.

My knowledge on this subject, of course, is limited to my own observations and personal experiences in merger attempts. In order to best present these observations, I would like to talk to you about two actual merger attempts and their results.

I first became interested in cooperative mergers in 1956-1957 when an attempt was made to merge Producers Cooperative Packing Co. with United Growers, Inc., both of Salem, Oregon. Being a member of Producers Cooperative, I was an interested observer of what went on, mostly because I was sustaining losses as an individual member, and also because I was becoming concerned about my equity in the plant. As a member, I felt it was the responsibility of the board of directors and management to make every effort to work out the problems, to explore the various methods to correct the situation, and to choose the best one for the Association. In this case, after a considerable amount of study by the two managers and boards of directors, meeting individually and collectively, a merger seemed to be the best solution to the problem.

At about the starting point of serious consideration of a merger, the manager of Producers resigned in order to accept a similar position at a larger plant. This eliminated a potential problem in a merger attempt, and perhaps one of the largest of the problems. Fortunately, this manager also recommended merger. He suggested that the board of directors of Producers appoint the manager of United Growers, Inc., as a joint manager of the two plants in anticipation of the merger, and this was done.

This joint manager then was assigned the task of collecting facts and figures to show how the assets and liabilities, grower credits, plant facilities, sales, grower commodities, office staffs, plant supervisors would fit together--and what the benefits of such a merger would be. In other words, he was to establish the need for the merger. He then had to "sell" the data, first to both boards of directors, and then to the grower-members. The board of directors of Producers was easily convinced that the solution was good and gave fair support, but it stopped short of good strong leadership in achieving the merger.

Letters were sent to the members, giving details on the contemplated merger and showing the overall benefits to the cooperative, along with the notice of a membership meeting for further discussion and the election on January 19, 1957.

At the meeting, the merger was further discussed and the auditor for each plant gave interim audit reports. Comparative reports were given regarding assets and liabilities, indebtedness, value of fixed assets, capital reserves, and annual sales. Photographic slides were shown of all of these, and also of the two plants, and the resolutions of the board, a copy of which had been mailed to the growers. However, some difficulty developed in the form of a

small but well-organized opposition to the merger. After a lengthy and rather uncontrolled discussion, it was decided not to vote upon the matter as scheduled, but to postpone action for a period of 30 to 60 days.

After that meeting, three smaller commodity group meetings were called in an attempt to get as much information as possible to the members regarding the overall benefits of a merger between these two cooperatives. These were followed by additional letters to the members and another special meeting of the membership. At this meeting, held on March 2, 1957, the problems were discussed further and the election was held, but the merger was defeated.

It would be hard to point to any one reason as to why this attempt failed. Probably there were several causes. Partly because of the psychological affect upon some of the older members who had helped to build Producers Cooperative--a sort of "pride of ownership." Partly because of poor leadership from the board of directors, and, maybe, partly because the possible benefits to the individual members' pocketbooks were not spelled out clearly enough. Then too, it is just possible that some of the older members didn't know what assets and liabilities were.

After this merger-attempt was defeated, the joint manager resigned his position with Producers and again went to work full-time with United Growers. The Producers board hired a new manager and it was at this point that I was appointed to fill a vacancy on the Producers board of directors and become personally involved in the existing problems.

A year later, in 1958, I was elected president of the board, and by that time, we were realizing that some major changes would have to be made if we were to continue operations. We were cutting all possible operating costs, including labor, overhead, and materials. We encouraged every possible increase in volume of product handled by our plant, in an all-out attempt to make the operation a success.

But all this didn't do enough good, and we were still going to come up with a loss to the growers. In fact the losses for the 3 year period would amount to about \$150,000 under the cash market for the products processed. Predictions which had been made at the first merger attempt were certainly coming true.

Faced with cancellation of some important memberships and a decreased volume of product which would only worsen the problem, the board was easily convinced that something had to change. The office staff provided statistical data for the study and, after several meetings and careful consideration of the alternatives, the board came to the conclusion that a merger with United Growers was still the best answer to our problem.

When we approached the manager and board of United Growers with our proposal and found that they were still interested, we were then ready to develop a plan to bring about the merger.

After some preliminary meetings, we hired a good cooperative attorney. The board met with this attorney, along with our auditor and our office manager, and together we worked out the plan and immediately put it into operation.

The auditor and office manager prepared reports regarding both plants to show the feasibility of the merger. Obvious savings in eliminating duplications of managers, office staffs, plant supervisory groups, and field departments amounted to many thousands of dollars. In addition there were the savings possible by elimination of duplication of all the plant facilities--buildings and machinery. Figures were also accumulated to show the losses the members had taken because of below-market payouts to them.

Then, with this information available, the board did a very significant thing in order to get the members to approve this merger. We appointed a committee of growers to study the problem. We made sure that one member from the obvious opposition was on the committee. One member was a grower who had large equity investment in the plant and who was also currently delivering a large tonnage. One was a small grower, and one was a business man representing a large estate with membership in the cooperative. These growers, along with one member of the board of directors and the plant office manager made up the committee.

The board instructed the committee to study the problem, examine all alternatives, and submit its recommendations to the board as soon as possible. The committee was provided with all detailed information available as to our present position, prior losses to the growers, anticipated losses, the condition of our plant and equipment and the cost of installing new equipment to perform the processing more efficiently, as well as other possible alternatives of procedure.

The committee was empowered to call in experts for advice and technical opinion, including the auditor, bankers, attorneys, and engineers, if they felt it was necessary or desirable.

After a number of meetings and many hours of study, the committee arrived at its conclusions. After discarding all other alternatives one by one, it recommended to the board that we explore the possibility of merger with another cooperative. The board knew this was the only logical answer, but our position was much reinforced by the committee's signed resolution. With this recommendation to strengthen us, signed also by a member of the previous opposition, the board decided to make another attempt to merge with United Growers. By this time, the need for Producers to merge had definitely been established.

The management and board of directors of United Growers were still made up of the same persons who had studied the earlier merger proposal. Because the losses of the intervening years had all been taken by the growers, the balance sheet of Producers still showed a strong working capital position; the equity credits still retained face value; and the majority of the

growers were loyal to the cooperative idea and would deliver their products to a cooperative. In other words, benefits of the merger to United were practically the same as they had been before.

In the negotiations with United Growers, the Growers Committee which had studied the problem for Producers was utilized to a great extent. When the terms of the merger were established, then we made our first approach to the member-growers of Producers.

A letter was sent, telling them briefly about our problems as a cooperative, reminding them of their individual losses sustained during the past 2 years, and informing them of the probable losses in the current year. We pointed out what the trend indicated, with more and more growers withdrawing their memberships. Possible alternatives to merger were briefly discussed, along with reasons for discarding them.

The possible gain to them because of lower overhead expense, larger volume, faster payment, and stronger equity, resulting from merger, were mentioned. We reported upon the work of the Growers Committee and its recommendation, and we included a copy of its signed resolution. We also included a copy of the proposed agreement with United Growers, along with a Notice of Special Meeting called for the purpose of voting on the proposal.

The board did not content itself with the work that had been done to this point. We knew that the members who had previously worked against a merger had been informed of our activities by the representative from their group who had served on the Growers Committee. However, we felt that with all of the facts we had accumulated, we could either win them over to the merger, or at least neutralize their opposition. So, a subcommittee consisting of one member of the board who was personally acquainted with the member, the president of the board and the secretary, went to visit personally and individually with all the leaders of the opposition.

When the Special Membership Meeting was called to order, we presented the problem in much greater detail than had been done in the letter, especially in regard to their personal previous losses, and the possible gain to them as individuals, rather than as a plant, if the merger could be completed. We allowed time for discussion and, during this time, every board member stood up to speak for the proposal. When the votes were counted, the results showed almost 95 percent in favor of the merger.

An interesting thing happened then. One member, an attorney, who had fought the hardest against the previous merger, was the first grower to sign a contract committing his tonnage to the new association.

Three years have gone by and the merger has proved to be a success. A large part of the thanks for that success must go to the manager of the merged organization. Because of his foresight and ability, the former members of Producers are now in a strong and competitive financial position.

Ladies and gentlemen, I hope that this story about these two merger attempts has illustrated my contention that there must be three elements present in getting members to approve a merger.

No. 1. Need. First make sure you are in a position where you need a merger and can benefit by one. Be able to spell out the reasons why it is needed, such as savings, additional earnings, and how it can result in a more efficient and stronger cooperative.

No. 2. Leadership. Strong leadership is a necessity, especially by the president of the board or by a member of the board who might be designated to head up the merger attempt. Sometimes a manager might be able to do it, but there are certainly some problems in that.

No. 3. Communication. Tell the members about the overall problems and the possible solutions, and then apply them to him as an individual, showing him his own losses and possible gains in dollars and cents, improved services, and earlier and bigger pay-out.

And, if you are able to prove to the members that there is a real need for the merger and can show them what the advantages are to the cooperative as a whole and to them as individual members, then their approval should be very easy to get.

How We Met Membership Problems in Consolidating Plants

Frank Melchior

Frankly, I'm not sure what we might tell you today about how we met the problems of consolidation. The best we can do is to review two particular instances in Nulaid's growth which led to consolidation. With neither of these did we have a problem.

Before beginning, I would like to point out that each cooperative is unique in its manner of conducting business. Rapid changes in the poultry industry have affected our own consolidation plans so that what we have done, and may do in the future, probably will not apply to your own organization.

This talk will be divided into two sections. The first concerns our closing of ten egg packing plants in a consolidation move which began 7 years ago. The second part concerns closing a number of NFA Branches. We should say, at this time, that we did not remain consolidated and now a large percentage of Nulaid eggs are packed on member ranches.

Our consolidation began in 1955 with a study by the Stanford Research Council, which recommended consolidation of Nulaid egg-packing plants into a large unit, primarily to take advantage of new and modern egg-handling equipment. This

was to lead to a saving in labor. This was approved by the board and employees were officially notified of this at a meeting held by the general manager on February 27, 1956. Here they were given details of the plan and asked to assist in making the idea acceptable to the membership.

Then on March 6, a letter went to the members giving details of the plan. Information also appeared in Nulaid's Weekly Newsletter. The same day the Newsletter was mailed, a press release was sent to the metropolitan and county newspapers and radio stations.

The District Meetings held in 1956 included a half hour color sound film by the manufacturers of the new egg-handling equipment. This movie was made in Nulaid's Sacramento plant.

Construction of the new plant began in October of the same year and this was given considerable press coverage. At the 1957 District Meetings, we were able to show slides of the construction, including an architectural sketch and more details on the plant as to how its operations might affect egg-shipping members.

The briefing of the members on the plans took place over a year's period of time. There was practically no objection and the idea was well accepted.

Now, what mistakes did we make? It is my feeling that we overlooked three important points:

1. To thoroughly sell the employees on the move,
2. To sell the people in the communities affected, and
3. To sell the local Chamber of Commerce in those towns where we would be closing our packing facilities.

Many employees were considerably concerned about their future with the closing of the egg plants. Although some would soon be up for retirement, a more thorough job of employee indoctrination should have been accomplished. If this had been done, I am sure there would have been more enthusiasm among the members, for the employees would have reflected enthusiasm.

Next, the people in the community were not really aware of what we were doing. In fact, adverse publicity appeared in some of the local papers on our closings. Some believed that Nulaid was practically going out of business. People began to have the wrong opinion of Nulaid and, in some cases, about our product.

We mentioned the Chamber of Commerce. Naturally this organization works towards bringing industry to their communities, not losing it. Here again we slipped up.

What should we have done? It is difficult to go into the many facets of employee relations--certainly employees should have been made to feel that they were more a part of this big consolidation. Development of a team-spirit

might well have made the program more acceptable to the membership, and also have worked towards more everyday employee efficiency.

Next, many people in a community are often concerned about their fellow man being out of work when a plant is scheduled for closing. Here was a need for better press relations through personal contact.

And, lastly, the local Chamber of Commerce is always very proud--it dislikes seeing a business and people leaving the community. It would seem that more personal calls on the local Chambers of Commerce would have been in order.

The second part of my discussion concerns the closing of a number of branches during 1961. We began that year with 40 branches--now in early 1962 we have 19. Actually, we have closed 23 branches. The 19 remaining include Fresno and Los Angeles, which have been opened recently. Another agency was added, giving Nulaid three of these business arrangements.

Why were these branches closed? Part of the history of the poultry industry is the rapid trend towards bulk feed sales and the constant decline in sacked sales. This increases the overall operating costs of a warehouse type branch. Urbanization of some of the poultry, egg, and even dairy areas necessitated closing branches near larger communities. Another factor has been the drawing-in of poultry and dairy farms closer to the main marketing areas due to increasing transportation costs.

Back in the year 42 B. C., the Roman sage, Publilius Syrus, stated that "Prosperity makes friends and adversity tries them." Certainly, this has much to do with member acceptance of our closing of these branches, for Nulaid was progressing towards operating economies.

In past years NFA has held meetings in local communities where branches were considered for closing. Very seldom did we obtain member support. Last year Nulaid underwent a change in management and organization. The time was ripe to do something to improve the economic strength of the organization. The closing of certain branches would result in operative savings, so they were closed.

Some of you may think this an arbitrary action; however, it was backed with a need that worked to improve the cooperative. In doing this, members of the branches concerned were notified of the closing by personal letter from the general manager. It was followed by announcements in the Weekly Newsletter to members.

At Nulaid we believe strongly in directors answering members' questions. A number of our directors hold monthly meetings with members in their respective districts, and this provides time to discuss such policies as branch closings.

The title of this discussion is, How We Met Membership Problems in Consolidating Plants. In this case there were very few member problems, with the exception of the small community of Willows. This particular farming community had lost a number of businesses in the last 4 years. There was great concern over Nulaid leaving the community, as we were the only source of supply for sacked feed. The general manager was called upon by people from the Chamber of Commerce, the farm organization, and local newspaper. The outcome is that the Association helped the Willows branch manager to establish his own agency. This has proved very satisfactory. In fact, we now have a neater, more efficiently run agency and the agent has increased the feed tonnage. Again, this is one particular case.

Lastly, I would like to digress somewhat on my topic for today. I am not sure I gave you what you wanted to hear. This may be like the young girl who had a dream that she was riding off to the seashore with a well-known movie star. They were in this large car and he was paying no attention to her. Finally, she said, "What are you going to do?" He answered, "I don't know, it's your dream." Possibly, in this case, what you feel you should do may be different than what you're doing or will end up doing when the consolidation question arises.

In any event, I would like to discuss member relations in cooperatives. As you well know, California cooperatives are changing considerably. They are becoming larger in dollar volume, but member numbers are down. The larger members are sometimes businessmen who tend to be less emotional over the cooperative being "our organization."

Whether this is good is not the subject of our discussion. It is apparent that these men look more to business management. Because of this, I personally believe that many cooperatives will have to increase public relation activities rather than member relations. This is not talking down member relations, because the two are actually intertwined. Good public relations will lead to good member relations for it increases pride in the organization.

Here's how we feel our public relations and advertising have increased Nulaid member relations:

1. Our advertising program has built up the Nulaid image. This has brought much comment from the membership as well as from the general public and our customers.
2. An increased tempo of press releases lets the public know what we are doing. Our members are kept informed through the Newsletter as well as the press.
3. An increase in our community and youth activities--we plan to do more with these programs to include scholarships.
4. Improve employee morale which can occur with good public relations.
5. Make money! If the organization makes a profit--we like that word better than margin--then you really have an improvement in member relations.

How We Work To Improve Relations Between Cooperatives

A. L. Thomason

I feel the wording of the title would be more appropriate if it were How We Should Work To Improve Relations Between Cooperatives. In other words, I don't mean to intimate that we have the job done, but feel strongly that we can improve it considerably.

In our past conferences we have emphasized member relationships; also, we have greatly emphasized, on a national basis, being strong by sticking together. It is rather difficult for us to sell our membership along these lines if we do not, as cooperatives, work more closely together than we have in the past.

It certainly is to the advantage of all cooperatives to be better informed of the type of service and overall operation of each cooperative within the community if we are to have good member relations. If I am familiar with what other cooperatives in our vicinity are doing for their members, I am in a much better position to recommend to the membership of my production credit association that they should work with all of the cooperatives for their own betterment as well as for the benefit of all cooperatives.

Another possibility that I can see in having better knowledge of each other's operations and better acquaintance with the personnel and directors of each organization would be to have a coordinated program in regard to keeping the public informed and giving them a true picture of the purposes for which the cooperatives are organized. We have in the last 6 months in western Idaho laid some ground work toward forming a cooperative master of ceremonies' organization which we feel would have a dual purpose. It would, of course, help various personnel and directors to be able to speak at public meetings more fluently. In addition to this, at these meetings, probably twice a month, we should be able to gain a much fuller knowledge of all of the cooperatives' operations and, no doubt, work out some of our problems.

I know that in our vicinity all of us have been very lax in becoming well acquainted with each other and also with each others' programs. We have been so involved with our own operations that we have worked more from a selfish standpoint in developing our own organization than having the members' interests at heart.

Certainly, if a cooperative is functioning properly, it is just as much a part of our job to try to benefit our members through the facilities of other cooperative organizations as it is to take care of our own organization. We have continuously used various means such as annual meetings, literature, and so forth, by which we felt we were getting the job done in informing our membership.

I believe that if we will all use the slogan in the years to come of Closer Cooperation between Cooperatives we will not have nearly so great a problem of member relations as we have had in the past. I feel strongly enough about this matter that I believe we should have a national cooperative master of ceremonies' organization so that all the clubs could be operated on a similar basis, and thus be much better coordinated than if we have independent organizations in each community. I would appreciate any thoughts and suggestions any of you might have in regard to this matter.

How We Stimulate Member Participation in Annual Meeting Planning

Frank S. Pierce

Some points to remember are:

1. The easiest road to follow in planning an annual meeting is to do it yourself. However, it is not the most effective if you wish to have participation.
2. Participation in annual meeting planning will be in proportion to the effort you make to involve people.
3. To get people to participate in a meeting, the manager and the board president must first develop a plan. This plan is to involve people in committee activity. Then set out to put the plan into effect.
4. To get the plan to work properly, there must be a sincere desire by local people to host the meeting and a willingness to carry the inevitable responsibility of being a host.
5. To implement these suggestions, the manager and the president should appoint a small planning group of five or six (either an appointed committee or an executive committee) and meet with it. At this meeting:
 - a. Solicit their full cooperation.
 - b. Outline their responsibilities.
 - c. Discuss the amount of time and money needed.
 - d. Review the need for subcommittees and their appointment.
 - e. Outline subcommittee activities.
 - f. Make sure that interested people, both men and women, with proper qualifications, are on subcommittees.
 - j. Set a final date for a followup meeting, at which time all efforts should be made to have the full committee and all of the subcommittees present.

How We Get Members to Attend Our Meetings

Vern Highley

Yes, you're right .. we "feed 'em!"

I am tempted to write "30" here as there seems to be little else to prescribe. Every colleague in California cooperatives to whom I turned for advice on the subject offered this same pat formula:

"Feed 'em!"

Serious or not, I believe it. If you prime your members to look forward to a good feed each year, the chances are you will have a fine turnout. Even your guests won't let you down.

Each year I have the opportunity to attend no fewer than two dozen annual meetings of cooperative gins, and each manager readily agrees to the big role played by good food.

Calcot's annual meeting is no less deprived of this necessity to good attendance. Right now we're planning our 35th such meeting and one of our first considerations has been the caterer. We'll feed more than 5,000 members and guests a delicious barbecued beef lunch, complete with french bread, chili beans, and all the lemonade they can hold. Even a southern style barbecue sauce prepared from a 19th Century secret recipe! They'll love it because the food will be good; good planning will see to it.

What's more, we'll serve these 5,000 persons in the remarkable time of 60 to 70 minutes. People don't mind forming lines when they dwindle quickly.

Good food and quick service has paid off so well that the attendance grows each year.

There's a bit more to successful attendance than my consultant colleagues would confess. Good planning for every phase of the meeting is, of course, the secret. Getting members accustomed to fast-paced programs will bring them back year after year. There are many things to accomplish at the meeting, however; to dwell on any one subject too long dulls the interest of your audience.

There are four major considerations for a successful meeting, and each falls loosely under a single heading:

"What are we trying to accomplish?"

We wish to inform the member. We wish to educate him. We seek to sustain his interest in both the meeting and the organization for this will result in subsequent years of patronage. And, since we are trying to be sensible, we wish to entertain him.

Which comes first for your organization? This will vary with your goals. Many cooperatives seek mainly to entertain at the annual meeting, having informed and educated the member through letters, publications and perhaps quarterly meetings.

For example, Calcot has the opportunity to speak at the many cooperative gin meetings where our members gather. We utilize the occasions to inform the co-members on Calcot activities. This greatly helps us avoid becoming too serious at our own annual meeting.

Tradition usually dictates the pattern for subsequent meetings for most organizations. But watch out as you might fall into a rut with the "same old thing" at each meeting. Always try for variety in the program. If you try only to entertain, be sure there are other occasions during the year to inform and educate. Remember that a great many of your members never see your organization except through their checks and publications. What kind of image do they have of you?

Be sure your annual meeting coordinator has fully utilized the many avenues for pre-meeting promotion. Try to make your invitation more than a type-written, mimeographed notice; enliven it with illustrations. Be sure your invitation list is complete and addresses are accurate. Begin your publicity well in advance so that the whole story can be told through subsequent releases. Try to get TV, radio, and press representatives to attend and be ready with prepared releases or offer to arrange interviews. Don't forget follow-up publicity, a most important item.

There's much more to it than is written here. Imagination and good judgment will guide you successfully. All will go well if you truly believe that the annual meeting is the single most important occasion of the year.

But don't forget to "feed 'em!"

How We Persuade Members To Speak Up in Meetings

Robert E. Schubbe

Recently a farmer was crossing one of the main streets in Fresno when he was knocked over by a local bus. He, farmer Jones, promptly sued the city for the neat sum of \$250,000. Very dramatically he was wheeled into court on a

stretcher. He testified that he had been unable to move a single muscle since the accident. The entire jury burst into tears and being very responsive to Jones' story, did not deliberate in the jury room but promptly awarded him the full \$250,000 asked for.

The attorney for the bus company was not so impressed. "Jones," he thundered "I believe you're a faker. I'm going to follow you 24 hours a day, and if you so much as wriggle one toe...."

"You're a hard, unfeeling man," protested Jones, "and to prove your suspicions are unfounded, I'll tell you exactly what I'm going to do when I'm carried out of this room. An ambulance will take me to the airport to board a plane for New York. From New York a boat will take me to England, and from there I'll be ferried across the English Channel and then I'll be placed aboard a train for Lourdes. At Lourdes, sir, if you're still following me, you're going to see the gol darnedest miracle in the past 200 years!"

Now, I don't believe that persuading members to speak up at meetings requires a miracle, but perhaps a little background would be appropriate at this time.

Possibly some of you have heard me talk before--probably more than once and always on the same subject--the responsibility of a cooperative to its members. You know how strongly I feel about the relationship between the membership and the cooperative it owns, and the importance of an active and well informed membership.

Now, let us ask ourselves these questions: What is the most important single factor in successful cooperative endeavor--is it the possession of unlimited funds? Is it the ownership of impressive facilities? Is it the employment of highly trained management?

I think not. I submit to you that the most important factor in the success of a cooperative is the strength of the bond between the cooperative and its members; the degree to which a member feels a sense of ownership and responsibility to the cooperative. In other words, good membership relations. Without strong, loyal member support, the highly trained talent, the impressive facade, or the well filled coffers are of little importance.

Each of you here today is working toward building strong ties between your association and its membership. You, as an employee of a cooperative, are responsible for the foundation on which your cooperative rests. We must always remember that loyal members represent the rock, steel, and concrete of such a foundation while a dissatisfied membership becomes a foundation of sand. A foundation of rock, steel, and concrete can only be built by membership confidence, loyalty, and pride.

A member should have confidence that his organization can adequately take care of his needs; confidence in the knowledge that his organization is soundly financed and adequately managed; confidence in its employees; and

confidence that his cooperative is doing the job it was incorporated to do to serve the membership and to serve it well. He should be confident and assured that the returns from any crop pool will always be fair and equitable.

Such confidence in his organization makes a loyal member. Not only is he loyal to his own cooperative, but he is an advocate of cooperative principals. He has a sense of personal pride--wanting to better his own cause as well as that of his fellow members. He also is proud to be a part owner of his own organization.

I have mentioned these three words--confidence, loyalty, and pride--and I know you will agree that confidence, loyalty and pride in any organization can fast be accomplished by hard work. Quite truthfully, I have seen very few miracles replace "hard work."

We have found, through over half a century of cooperative marketing of almonds, that an informed membership is an interested membership. An interested membership is an active membership. By keeping the membership constantly informed of changing tides within the industry and within their own cooperative, we find no gimmick or trick is required to make them speak out pro and con at meetings.

One important tool that can be used in this relationship work is communication--communication between the member and his organization. There was a time when strong ties between the member and his cooperative could readily be achieved. Direct communication was possible because no member lived more than a hop, skip, and a jump from the cooperative's facilities. However, now direct communication is much harder to achieve with cooperative members coming from the east, from the west, from the north and the south, in fact, from every part of the state, or, in the case of some cooperatives, from many states.

In the early days of cooperatives, members learned about their respective organizations by taking part in their functions. But more recently, as cooperatives have become larger, the member's own operations have become more diversified and much of his actual operation is delegated to employed personnel. Therefore, intimate knowledge of cooperative affairs tends to be limited to those members having the opportunity to take part in association affairs or to act in some official capacity such as serving on the board of directors.

The rank and file member is less involved in his association than in past years. Effective communication has become more difficult. Along with this trend toward reduced opportunities for communication between cooperatives and their members has come an increasing demand on the member's time and interest by reason of his involvement in other diversified business activities.

Today, the cooperative farmer differs little from his city brother. In many cases, the cooperative farmer is a city dweller himself. Members rely on

their cooperative organization for marketing their crop or purchasing supplies, but some members also rely on outside resources for production supplies, specialized services, social outlets, and a myriad of other activities. Farming today is big business as everyone realizes.

I can speak on theoretics all afternoon and after I have finished talking you will actually have learned very little, so I'll just stop talking of intangible things and theoretics and tell you about the organization I best understand--the California Almond Growers Exchange.

We at the Exchange have learned that when the membership is kept informed, it becomes more active. On the other hand, not kept informed, members can become lethargic and, finally, may become a dissident group, feeling that they have been neglected or deprived of the right to know what actually is going on in their organization. They could stir up discontentment among a part of the membership.

It was learned from our experience in the early '20's and '30's that it was necessary to keep the Exchange membership informed as to its every move. As a result, the Exchange has grown appreciably. Today we believe our membership to be well informed, actively interested and loyal, with confidence and pride in the organization. You're probably thinking: How do we know this and how have we kept our members informed? Many different approaches have been followed.

First--we have field representatives who serve as a personal link between the member-producer and his organization, answering his questions and working with him on individual problems when requested. Just to mention a few questions some of our growers ask of Exchange fieldmen:

How are Directors elected?
Why don't you pay cash for our almonds?
Why doesn't the Exchange advertise?
How are almond sales progressing?

The Exchange should have fieldmen call on us members once a year. I might add here that the expense of a fieldman's call on a single grower is approximately \$10. As you can see, it would be most costly to call on each and every grower merely as a "good will" gesture.

Second--district meetings of an informal nature are held periodically. In fact, we have just completed a series of such meetings, starting at one end of the State, going north to the other end of the State.

At these meetings we discussed various new almond varieties that have developed over recent years and in which the industry is very much interested. Also discussed was the bee pesticide problem which is plaguing farmers throughout California, and which is particularly important to almond producers as bees are necessary for almond pollenization. The Exchange sales position for the past year was thoroughly covered at these meetings as well

as a discussion of the Exchange's handling procedures for deliveries of almonds.

Here again questions were asked at these meetings, such as:

When will the next payment on the crop be made?

How much will such payment be?

How about the export situation--and the imports?

Questions concerning the European Common Market were numerous. This type of questioning on the part of the members clearly demonstrates that they DO speak up at meetings.

Attendance at these meetings was very good. As a result, growers in each one of the districts heard first-hand how their cooperative was serving them.

Another means of communication is correspondence from the membership.

"My brother George and I have been analyzing our farming situation. We have a fairly good idea of what our progress to date has been. To project our operation into the future and make an estimate of its potential we find we need more information.

"If your schedule permits, we would like an appointment for Wednesday, January 10, at 10 A.M. If this day or hour is not convenient we would like to meet with you at a more convenient time of your choice."

Another method of communication used by our organization is the bimonthly publication of our house organ--"Almond Facts." This publication goes to all grower-members and occasionally to prospective members. Within its pages are Exchange news items of interest to the growers, as well as articles of a cultural and economic nature. In other words, the publication, as its name implies, supplies "almond facts to the almond producer."

We try to keep our members so well informed they do not hesitate to speak up at meetings at the right time. I mention this since it is important that members do speak up--not necessarily at meetings only, but at any time. An opinionated question, presented by a dissident member, can turn an orderly meeting into a first class cat and dog fight which benefits no one.

There are many ways in which to have your membership speak up at meetings. Some cooperatives employ the method of having prepared questions distributed to those members attending the meeting. Others prefer the panel type of discussion which has proved to be most satisfactory. Some of you probably have other proven methods and ideas.

We have found, however, that direct contact of the members by fieldmen solve many membership problems, and this makes for an active and interested membership. They still will ask questions and they still will speak up at meetings

when they feel that a change is necessary. This we want them to feel free to do, but in an orderly and friendly manner.

Now, in closing, I would like to say that the challenge to your cooperative is to instill in its membership an awareness of those virtues--confidence, loyalty, and pride--which will set your organization head and shoulders above competition.

Friday morning, March 9, 1962

Cooling Off The Hot Potatoes

Ralph B. Bunje

The hot potatoes that characterize farm cooperative associations are frequently a different variety of potato from those which constitute problems in everyday commercial management. A successful cooperative frequently enjoys its success as a result of membership interest--proprietary interest, if you will. Such proprietary interest properly exploited and turned to advantage can frequently result in excellent rewards.

I believe that the management of a cooperative business venture is a far more challenging task than management of an ordinary business. Member relations, member understanding, and communication are important ingredients for success.

Achieving the skills necessary to deal with the hot potatoes in cooperative management can be accomplished through a frank discussion by management people. Today we have such an opportunity. How we regard our hot potatoes can frequently be an indication of our ability as management people to cope with the problems. When a cooperative manager reflects the attitude that he must deal with a group of stupid members, or when the frustrations of dealing with the most dedicated free enterprisers in America interfere with good judgment, then management is not meeting the challenge.

Editor's note: There followed an off-the-record discussion of some of the problems currently of concern to cooperative leaders.

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